

# HOUSE BILL 1039

C6

11r0158  
CF SB 848

---

By: **The Speaker (By Request – Administration)**

Introduced and read first time: February 11, 2011

Assigned to: Ways and Means

---

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 25, 2011

---

## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Horse Racing – Distribution of Video Lottery Revenues**

3 FOR the purpose of altering certain distributions from the Purse Dedication Account  
4 for certain racing licensees; authorizing the use of certain revenues from the  
5 Purse Dedication Account for certain operating expenses at certain racetracks;  
6 permitting certain racing licensees to apply to the Secretary of Labor, Licensing,  
7 and Regulation for certain grants from the Purse Dedication Account for certain  
8 purposes; authorizing a certain racing licensee to apply to the Secretary for a  
9 certain advance from the Maryland Economic Development Corporation;  
10 providing for the repayment of a certain advance from the Maryland Economic  
11 Development Corporation to a certain racing licensee; requiring certain racing  
12 licensees to provide certain information to the Secretary under certain  
13 circumstances; authorizing the Secretary to approve certain grants and a  
14 certain advance from the Purse Dedication Account to certain racing licensees  
15 for certain expenses; placing certain conditions on the receipt of certain grants  
16 from the Purse Dedication Account and a certain advance from the Maryland  
17 Economic Development Corporation; permitting the use of certain revenues  
18 from the Racetrack Facility Renewal Account for certain operating expenses at  
19 certain racetracks; altering the distribution of certain funds from the Racetrack  
20 Facility Renewal Account for certain fiscal years; authorizing certain racing  
21 licensees to apply to the Secretary for certain grants from the Racetrack Facility  
22 Renewal Account for certain purposes; authorizing the Secretary to approve  
23 certain grants from the Racetrack Facility Renewal Account to certain racing  
24 licensees for certain expenses; requiring certain racing licensees to provide  
25 certain information to the Secretary under certain circumstances; placing

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 certain conditions on the receipt of certain grants from the Racetrack Facility  
 2 Renewal Account; creating an Oversight Commission on Racing; specifying the  
 3 composition and duties of the Oversight Commission; providing for the staffing  
 4 of the Oversight Commission; requiring the Oversight Commission to report its  
 5 findings and recommendations to the Governor and the General Assembly;  
 6 requiring the Secretary to submit a certain annual report to the Governor, the  
 7 Oversight Commission on Racing, and the General Assembly on or before a  
 8 certain date; and generally relating to horse racing, the distribution of video  
 9 lottery revenues, the Purse Dedication Account, and the Racetrack Facility  
 10 Renewal Account.

11 BY repealing and reenacting, without amendments,  
 12 Article – State Government  
 13 Section 9–1A–01(a) and (w)  
 14 Annotated Code of Maryland  
 15 (2009 Replacement Volume and 2010 Supplement)

16 BY adding to  
 17 Article – State Government  
 18 Section 9–1A–01(x)  
 19 Annotated Code of Maryland  
 20 (2009 Replacement Volume and 2010 Supplement)

21 BY repealing and reenacting, with amendments,  
 22 Article – State Government  
 23 Section 9–1A–01(x) through (dd), 9–1A–09, 9–1A–28, and 9–1A–29  
 24 Annotated Code of Maryland  
 25 (2009 Replacement Volume and 2010 Supplement)

26 BY adding to  
 27 Article – Business Regulation  
 28 Section 11–1401 and 11–1402 to be under the new subtitle “Subtitle 14.  
 29 Oversight Commission on Racing; Racing Funding Reports”  
 30 Annotated Code of Maryland  
 31 (2010 Replacement Volume and 2010 Supplement)

32 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 33 MARYLAND, That the Laws of Maryland read as follows:

34 **Article – State Government**

35 9–1A–01.

36 (a) In this subtitle the following words have the meanings indicated.

1 (w) “Progressive jackpot system” means a system capable of linking one or  
2 more video lottery terminals in one or more licensed facilities and offering one or more  
3 common progressive jackpots.

4 (x) **“RACING LICENSEE” MEANS THE HOLDER OF A LICENSE ISSUED BY**  
5 **THE STATE RACING COMMISSION TO HOLD A RACE MEETING IN THE STATE**  
6 **UNDER TITLE 11 OF THE BUSINESS REGULATION ARTICLE.**

7 [(x)] (y) “Video lottery” means gaming or betting conducted using a video  
8 lottery terminal.

9 [(y)] (z) “Video lottery destination location” means a location that is eligible  
10 for or has been awarded in the manner provided by law a video lottery operation  
11 license.

12 [(z)] (AA) “Video lottery employee” means an employee of a person who holds  
13 a license.

14 [(aa)] (BB) “Video lottery facility” means a facility at which players play video  
15 lottery terminals under this subtitle.

16 [(bb)] (CC) “Video lottery operation license” means a license awarded by the  
17 Video Lottery Facility Location Commission and issued by the State Lottery  
18 Commission to a person that allows players to operate video lottery terminals.

19 [(cc)] (DD) “Video lottery operator” means a person licensed to operate a video  
20 lottery facility under this subtitle.

21 [(dd)] (EE) (1) “Video lottery terminal” means any machine or other device  
22 that, on insertion of a bill, coin, token, voucher, ticket, coupon, or similar item, or on  
23 payment of any consideration:

24 (i) is available to play or simulate the play of any game of  
25 chance in which the results, including the options available to the player, are  
26 randomly determined by the machine or other device; and

27 (ii) by the element of chance, may deliver or entitle the player  
28 who operates the machine or device to receive cash, premiums, merchandise, tokens,  
29 or anything of value, whether the payout is made automatically from the device or in  
30 any other manner.

31 (2) “Video lottery terminal” includes a machine or device:

32 (i) that does not directly dispense money, tokens, or anything of  
33 value to winning players; and

1 (ii) described under paragraph (1) of this subsection that uses  
2 an electronic credit system making the deposit of bills, coins, or tokens unnecessary.

3 (3) "Video lottery terminal" does not include an authorized slot  
4 machine operated by an eligible organization under Title 12, Subtitle 3 of the Criminal  
5 Law Article.

6 9-1A-09.

7 (a) [In this section, "racing licensee" means the holder of a license issued by  
8 the State Racing Commission to hold a race meeting in the State under Title 11 of the  
9 Business Regulation Article.

10 (b)] As a condition of eligibility for funding under § 9-1A-29 of this subtitle, a  
11 racing licensee shall:

12 (1) (i) for Laurel Park and Pimlico Race Course, conduct a  
13 minimum of 220 annual live racing days combined between Laurel Park or Pimlico  
14 Race Course unless otherwise agreed to by the racing licensee and the organization  
15 that represents the majority of licensed thoroughbred owners and trainers in the State  
16 or unless the racing licensee is prevented by weather, acts of God, or other  
17 circumstances beyond the racing licensee's control;

18 (ii) for Rosecroft Raceway, conduct a minimum of 90 annual live  
19 racing days unless otherwise agreed to by the racing licensee and the organization  
20 that represents the majority of licensed standardbred owners and trainers in the State  
21 or unless the racing licensee is prevented by weather, acts of God, or other  
22 circumstances beyond the racing licensee's control; and

23 (iii) for Ocean Downs Racetrack, conduct a minimum of 40  
24 annual live racing days unless otherwise agreed to by the racing licensee and the  
25 organization that represents the majority of licensed standardbred owners and  
26 trainers in the State or unless the racing licensee is prevented by weather, acts of God,  
27 or other circumstances beyond the racing licensee's control;

28 (2) if the racing licensee holds the racing license for Pimlico Race  
29 Course, retain in the State of Maryland the name, common law and statutory  
30 copyrights, service marks, trademarks, trade names, and horse racing events that are  
31 associated with the Preakness Stakes and the Woodlawn Vase;

32 (3) if the racing licensee holds the racing license for the Pimlico Race  
33 Course, promote and conduct the Preakness Stakes each year at:

34 (i) the Pimlico Race Course; or

35 (ii) if the Pimlico Race Course no longer exists, the Preakness  
36 Stakes Race is prevented from being conducted at the Pimlico Race Course, or the

1 State Racing Commission, under § 11–513 of the Business Regulation Article, deems  
2 an emergency exists, another track located in the State that is approved by the State  
3 Racing Commission;

4 (4) if the racing licensee holds the racing license for Laurel Park,  
5 permit the event known as the Maryland Million to be run annually at Laurel Park  
6 unless:

7 (i) the racing licensee is prevented from doing so by weather,  
8 acts of God, or other circumstances beyond the control of the racing licensee; or

9 (ii) the racing licensee and the Maryland Million LLC agree to  
10 another location that is approved by the State Racing Commission;

11 (5) develop and submit to the State Racing Commission a multiyear  
12 plan to improve the quality and marketing of horse racing at racetrack locations  
13 owned or operated by the racing licensee in Maryland, which shall include:

14 (i) goals, indicators, and timelines for specific actions that will  
15 be taken by the racing licensee to improve the quality and marketing of the horse  
16 racing industry in Maryland; and

17 (ii) **IF THE RACING LICENSEE REQUESTS A CAPITAL GRANT,**  
18 a master plan for capital improvements that reflects, at a minimum:

19 1. commitments that have been made to the State  
20 Racing Commission; and

21 2. an ongoing investment in capital maintenance and  
22 improvements in the horse racing facilities of at least \$1,500,000 annually, which may  
23 include amounts provided as a matching fund as required under § [9–1A–29(e)(2)]  
24 **9–1A–29(F)(2)** of this subtitle; and

25 (6) develop with other racing industry representatives a multiyear  
26 plan to improve the quality and marketing of the horse racing industry in Maryland,  
27 which shall include goals, indicators, and timelines for specific actions that will be  
28 taken by the thoroughbred and harness racing industries to improve the quality and  
29 marketing of the horse racing industry in Maryland, including joint marketing efforts.

30 **[(c)] (B)** As part of the capital maintenance and improvement items in the  
31 plan submitted under subsection **[(b)(5)] (A)(5)** of this section, a racing licensee shall  
32 include any improvements necessary to ensure that the condition of any part of the  
33 racetrack facility where individuals reside is satisfactory for human habitation and  
34 meets minimum housing and sanitation standards in the county where the facility is  
35 located.

1           **[(d)] (C)**     The plans required under subsection **[(b)] (A)** of this section shall  
2 also be provided to the Department of General Services and to the Legislative Policy  
3 Committee of the General Assembly.

4           **[(e)] (D)**     (1)    If a video lottery operation license has been issued for a  
5 racetrack location at Laurel Park, the video lottery operation license for the location  
6 shall be revoked if the name, common law and statutory copyrights, service marks,  
7 trademarks, trade names, or horse racing events that are associated with the  
8 Preakness Stakes Race or the Woodlawn Vase are transferred to a location outside the  
9 State.

10                   (2)    As an additional condition of a video lottery operation license, if a  
11 racetrack licensee holds a video lottery operation license for Laurel Park, the licensee  
12 shall be required to:

13                           (i)    promote and conduct the Preakness Stakes Race at the  
14 Pimlico Race Course each year; or

15                           (ii)   if the Pimlico Race Course no longer exists, the Preakness  
16 Stakes Race is prevented from being conducted at the Pimlico Race Course, or the  
17 State Racing Commission, under § 11-513 of the Business Regulation Article, deems  
18 an emergency exists, promote and conduct the Preakness Stakes Race each year at  
19 another track located in the State that is approved by the State Racing Commission.

20                   (3)    If a racetrack licensee has been issued a video lottery operation  
21 license for a racetrack location at Laurel Park, the licensee shall permit the event  
22 known as the Maryland Million to be run annually at Laurel Park unless:

23                           (i)    the licensee is prevented from doing so by weather, acts of  
24 God, or other circumstances beyond the control of the licensee; or

25                           (ii)   the licensee and the Maryland Million LLC agree to another  
26 location that is approved by the State Racing Commission.

27                   (4)    If a video lottery operation license is issued to a racetrack location  
28 at Laurel Park, the video lottery operation licensee shall:

29                           (i)    maintain the operation of the Bowie Training Center; or

30                           (ii)   if State law no longer requires the Bowie Training Center to  
31 operate as a training facility, convey the property associated with the Bowie Training  
32 Center to the State as preserved land under Program Open Space.

33    9-1A-28.

34                   (a)    There is a Purse Dedication Account under the authority of the State  
35 Racing Commission.



1 (f) From the amount provided to thoroughbred purses, the State Racing  
2 Commission shall pay an annual grant of \$100,000 to Fair Hill, as defined under §  
3 11-811 of the Business Regulation Article.

4 (G) OF THE AMOUNT PROVIDED FROM THE PURSE DEDICATION  
5 ACCOUNT UNDER SUBSECTION (E)(1) OF THIS SECTION:

6 (1) FOR OCEAN DOWNS RACE COURSE, UP TO \$1,200,000  
7 ANNUALLY MAY BE USED TO PROVIDE OPERATING ASSISTANCE TO SUPPORT A  
8 MINIMUM OF 40 ANNUAL LIVE RACING DAYS UNLESS THE RACING LICENSEE IS  
9 PREVENTED BY WEATHER, ACTS OF GOD, OR OTHER CIRCUMSTANCES BEYOND  
10 THE RACING LICENSEE'S CONTROL; AND

11 (2) FOR ROSECROFT RACEWAY, UP TO \$1,200,000 ANNUALLY  
12 MAY BE USED TO:

13 (I) PROVIDE OPERATING ASSISTANCE TO SUPPORT A  
14 MINIMUM OF 40 ANNUAL LIVE RACING DAYS UNLESS THE RACING LICENSEE IS  
15 PREVENTED BY WEATHER, ACTS OF GOD, OR OTHER CIRCUMSTANCES BEYOND  
16 THE RACING LICENSEE'S CONTROL; AND

17 (II) FOR THE PURPOSE OF PROVIDING FUNDING TO  
18 SUPPORT THE RESUMPTION OF LIVE RACING AT ROSECROFT RACEWAY, REPAY:

19 1. A LOAN, NOT TO EXCEED ~~\$4,000,000~~, \$3,000,000,  
20 OBTAINED BY THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION  
21 (MEDCO), TO MAKE AN ADVANCE TO THE OWNERS OF ROSECROFT RACEWAY,  
22 PLUS REASONABLE INTEREST, FEES, AND ADMINISTRATIVE COSTS OF MEDCO  
23 RELATED TO THE LOAN; OR

24 2. AN ADVANCE FROM MEDCO, NOT TO EXCEED  
25 ~~\$4,000,000~~ \$3,000,000 OF MEDCO'S OWN FUNDS, TO THE OWNERS OF  
26 ROSECROFT RACEWAY, PLUS REASONABLE INTEREST, FEES, AND  
27 ADMINISTRATIVE COSTS OF MEDCO RELATED TO THE ADVANCE.

28 (H) (1) THE COMPTROLLER SHALL ON A PROPERLY APPROVED  
29 TRANSMITTAL PREPARED BY THE SECRETARY OF LABOR, LICENSING AND  
30 REGULATION ISSUE A WARRANT TO PAY OUT MONEY FROM THE ACCOUNT  
31 DIRECTLY TO MEDCO PURSUANT TO SUBSECTION (G)(2)(II) OF THIS SECTION  
32 ON A SCHEDULE AGREED TO BY MEDCO AND THE SECRETARY.

33 (2) PAYMENTS TO MEDCO UNDER THIS SUBSECTION SHALL BE  
34 PAID:

1 (I) PRIOR TO ANY PAYMENTS TO ROSECROFT RACEWAY  
2 UNDER SUBSECTION (G)(2)(I) OF THIS SECTION; AND

3 (II) WITHOUT REGARD TO THE NUMBER OF LIVE RACING  
4 DAYS CONDUCTED BY ROSECROFT RACEWAY.

5 (I) (1) TO OBTAIN OPERATING ASSISTANCE OR TO OBTAIN AN  
6 ADVANCE FROM MEDCO UNDER THIS SECTION, A HOLDER OF A RACING  
7 LICENSE TO RACE AT OCEAN DOWNS RACE COURSE OR ROSECROFT RACEWAY  
8 MAY APPLY TO THE SECRETARY OF LABOR, LICENSING, AND REGULATION FOR  
9 THE REIMBURSEMENT OF EXPENDITURES MADE BY THE RACING LICENSEE TO  
10 CONDUCT THE ANNUAL LIVE RACING SCHEDULE.

11 (2) SUBJECT TO PARAGRAPH (6) OF THIS SUBSECTION, THE  
12 RACING LICENSEE'S APPLICATION SHALL INCLUDE:

13 (I) ~~INCLUDE~~ A 12-MONTH BUSINESS PLAN, SUBJECT TO  
14 REVIEW BY A CERTIFIED PUBLIC ACCOUNTANT, THAT SETS FORTH THE  
15 INCOME- AND EXPENSE-RELATED ITEMS THAT ARE NECESSARY TO CONDUCT A  
16 LIVE RACING SCHEDULE OF AT LEAST THE NUMBER OF LIVE RACING DAYS THAT  
17 WAS STATED IN THE APPLICATION; AND

18 (II) ~~BE SUBJECT TO REVIEW BY A CERTIFIED PUBLIC~~  
19 ~~ACCOUNTANT~~ A 5-YEAR BUSINESS PLAN THAT DESCRIBES THE CHALLENGES  
20 IMPACTING THE ECONOMICS OF OPERATING THE RACING FACILITY AND  
21 STRATEGIES FOR ADDRESSING THOSE CHALLENGES.

22 (3) (I) ON THE COMPLETION OF THE REVIEW OF THE  
23 APPLICATION BY A CERTIFIED PUBLIC ACCOUNTANT, THE SECRETARY MAY  
24 AUTHORIZE THE REIMBURSEMENT OF EXPENDITURES BY THE RACING  
25 LICENSEE THAT ARE NECESSARY TO CONDUCT THE ANNUAL LIVE RACING  
26 SCHEDULE.

27 (II) EXPENDITURES ELIGIBLE FOR REIMBURSEMENT  
28 UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL INCLUDE THE  
29 ORDINARY AND REASONABLE COSTS OF CONDUCTING THE RACE MEETINGS,  
30 PARI-MUTUEL WAGERING, AND STABLING ACTIVITIES OF THE RACING  
31 LICENSEE, NET OF ORDINARY INCOME AND RECEIPTS.

32 (III) THE REIMBURSEMENT CALCULATION UNDER  
33 SUBPARAGRAPH (II) OF THIS PARAGRAPH MAY NOT INCLUDE:

1                                   **1. EXTRAORDINARY INCOME AND**  
2 **EXPENSE-RELATED ITEMS, INCLUDING EXTRAORDINARY LITIGATION**  
3 **EXPENSES;**

4                                   **2. LOBBYING FEES;**

5                                   **3. CAPITAL INVESTMENTS, INCLUDING**  
6 **PREDEVELOPMENT COSTS; OR**

7                                   **4. PRIOR YEAR ADJUSTMENTS AND CLAIMS.**

8                                   **(4) ALL COSTS ASSOCIATED WITH THE RACING LICENSEE'S**  
9 **APPLICATION SHALL BE PAID BY THE RACING LICENSEE.**

10                                   **(5) TO QUALIFY FOR AN ADVANCE FROM MEDCO UNDER THIS**  
11 **SECTION, ROSECROFT RACEWAY:**

12                                   **(I) SHALL AGREE TO HIRE BACK WORKERS EMPLOYED AT**  
13 **THE FACILITY PRIOR TO THE END OF LIVE RACING ON JUNE 27, 2008;**

14                                   **(II) SHALL RECOGNIZE COLLECTIVE BARGAINING**  
15 **AGREEMENTS THAT WERE IN PLACE AS OF JUNE 1, 2008;**

16                                   **(III) SHALL REINVEST ALL FORMS OF REVENUE EARNED BY**  
17 **THE TRACK INTO OPERATING AND CAPITAL EXPENDITURES FOR THE BENEFIT**  
18 **OF ROSECROFT RACEWAY; AND**

19                                   **(IV) MAY NOT PAY ANY DIVIDENDS OR SIMILAR TYPES OF**  
20 **PAYMENTS TO THE OWNERS OF ROSECROFT RACEWAY WHILE ANY AMOUNTS**  
21 **DUE TO MEDCO UNDER THIS SECTION REMAIN UNPAID.**

22                                   **(6) IN SUPPORT OF THE RACING LICENSEE'S APPLICATION AND**  
23 **REQUEST FOR REIMBURSEMENT SUBMITTED UNDER PARAGRAPH (1) OF THIS**  
24 **SUBSECTION, THE RACING LICENSEE SHALL PROVIDE TO THE SECRETARY:**

25                                   **(I) MONTHLY FINANCIAL INFORMATION REQUESTED BY**  
26 **THE SECRETARY, IN A FORM SATISFACTORY TO THE SECRETARY; AND**

27                                   **(II) AN ANNUAL AUDITED FINANCIAL STATEMENT.**

28                                   **(7) A RACING LICENSEE MAY NOT RECEIVE ASSISTANCE OR AN**  
29 **ADVANCE FROM MEDCO UNDER THIS SECTION WHILE THE RACING LICENSEE**  
30 **IS A PARTY TO A PROCEEDING CHALLENGING THE ISSUANCE OR DENIAL OF A**  
31 **VIDEO LOTTERY OPERATION LICENSE.**

1           **[(g)] (J)**       The provisions of this section may not be construed to apply to the  
2 racecourse in Allegany County until horse racing begins at that racecourse.

3           **[(h)] (K)**       On or before December 1, 2014, the State Racing Commission  
4 shall:

5                       (1)     conduct a study to determine the impact of the Purse Dedication  
6 Account on the racing industry in the State; and

7                       (2)     make recommendations to the General Assembly regarding the  
8 continuation of the Purse Dedication Account and the amount of money distributed to  
9 the Purse Dedication Account.

10    9-1A-29.

11           (a)     There is a Racetrack Facility Renewal Account under the authority of the  
12 State Racing Commission.

13           (b)     (1)     The Account shall receive money as required under § 9-1A-27 of  
14 this subtitle.

15                       (2)     Money in the Account shall be invested and reinvested by the  
16 Treasurer and interest and earnings shall accrue to the Account.

17                       (3)     The Comptroller shall:

18                               (i)     account for the Account; and

19                               (ii)    on a properly approved transmittal prepared by the State  
20 Racing Commission, issue a warrant to pay out money from the Account in the  
21 manner provided under this section.

22                       (4)     The Account is a special, nonlapsing fund that is not subject to §  
23 7-302 of the State Finance and Procurement Article.

24                       (5)     Expenditures from the Account shall only be made on a properly  
25 approved transmittal prepared by the State Racing Commission as provided under  
26 subsection (c) of this section.

27           (c)     Funds from the Account shall be used to provide a grant to the holder of a  
28 license to hold a race meeting in the State ~~for~~:

29                       (1)     **FOR** racetrack facility capital construction and improvements;  
30 **AND**

1           **(2) FOR LAUREL PARK AND PIMLICO RACE COURSE, UP TO**  
2 **\$6,000,000 PER YEAR FOR OPERATING ASSISTANCE TO SUPPORT A MINIMUM OF**  
3 **146 ANNUAL LIVE RACING DAYS IN CALENDAR YEARS ~~2012, 2013, AND 2014~~**  
4 **2012 AND 2013, UNLESS THE RACING LICENSEE IS PREVENTED BY WEATHER,**  
5 **ACTS OF GOD, OR OTHER CIRCUMSTANCES BEYOND THE RACING LICENSEE'S**  
6 **CONTROL.**

7           (d) [The] **EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION,**  
8 **THE** amount of funds made available from the Racetrack Facility Renewal Account  
9 shall be allocated as follows:

10           (1) 80% to the Pimlico Race Course, Laurel Park, and the racecourse  
11 at Timonium; and

12           (2) 20% to Rosecroft Raceway and Ocean Downs Race Course.

13           **(E) FOR FISCAL YEAR 2012, THE AMOUNT OF FUNDS MADE AVAILABLE**  
14 **FROM THE RACETRACK FACILITY RENEWAL ACCOUNT SHALL BE ALLOCATED**  
15 **AS FOLLOWS:**

16           **(1) 80% TO THE PIMLICO RACE COURSE, LAUREL PARK, AND**  
17 **THE RACECOURSE AT TIMONIUM:**

18           **(I) MINUS 20% OF THE AMOUNT CREDITED TO THE**  
19 **ACCOUNT IN FISCAL YEAR 2011; AND**

20           **(II) MINUS THE AMOUNT NECESSARY TO REPAY FUNDS TO**  
21 **THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION IN ACCORDANCE**  
22 **WITH SECTION 16 OF CHAPTER \_\_ (S.B. 87/H.B. 72) OF THE ACTS OF THE**  
23 **GENERAL ASSEMBLY OF THE SESSION OF 2011 (THE BUDGET RECONCILIATION**  
24 **AND FINANCING ACT OF 2011); AND**

25           **(2) 20% TO ROSECROFT RACEWAY AND OCEAN DOWNS RACE**  
26 **COURSE, PLUS 20% OF THE AMOUNT CREDITED TO THE ACCOUNT IN FISCAL**  
27 **YEAR 2011.**

28           **[(e)] (F)** In order to obtain a **CAPITAL** grant, a holder of a license to hold a  
29 race meeting in the State shall:

30           (1) submit a capital construction plan to be implemented within a  
31 specified time frame to the State Racing Commission for approval; and

32           (2) except as provided in subsection **[(f)] (G)** of this section, provide  
33 and expend a matching fund.

1           **[(f)] (G)**     (1)   Of the amount provided from the Racetrack Facility  
2   Renewal Account under subsection (d)(1) of this section, [\$1,000,000 shall be provided  
3   annually for 5 years to the racecourse at Timonium] **THE RACECOURSE AT**  
4   **TIMONIUM SHALL BE PROVIDED THE FOLLOWING AMOUNTS** for racetrack facility  
5   capital construction and improvements:

6                           **(I)     FOR FISCAL YEAR 2012, \$1,125,000;**

7                           **(II)    FOR FISCAL YEAR 2013, \$1,250,000;**

8                           **(III)   FOR FISCAL YEAR 2014, \$1,125,000;**

9                           **(IV)   FOR FISCAL YEAR 2015, \$1,000,000; AND**

10                          **(V)     FOR FISCAL YEAR 2016, \$1,000,000.**

11                   (2)   A matching fund is not required for the amount provided for the  
12   racecourse at Timonium under paragraph (1) of this subsection.

13                   **(3)   (I)    FROM THE AMOUNTS PROVIDED IN PARAGRAPH (1) OF**  
14   **THIS SUBSECTION, THE HOLDER OF A RACING LICENSE TO RACE AT THE**  
15   **RACECOURSE AT TIMONIUM MAY USE UP TO \$350,000 PER YEAR TO SUPPORT A**  
16   **MINIMUM OF 7 LIVE RACING DAYS.**

17                   **(II)   USE OF FUNDS AUTHORIZED UNDER SUBPARAGRAPH (I)**  
18   **OF THIS PARAGRAPH MUST BE APPROVED BY THE SECRETARY OF LABOR,**  
19   **LICENSING, AND REGULATION UNDER TERMS AND A PROCESS CONSISTENT**  
20   **WITH THE PROVISIONS OF SUBSECTION (J) OF THIS SECTION.**

21           **[(g)] (H)**     Of the amount provided from the Racetrack Facility Renewal  
22   Account under subsection (d)(1) of this section, the State Racing Commission may  
23   provide direct grant funding for the establishment of a horse racing museum as part of  
24   the Pimlico Race Course.

25           **[(h)] (I)**     After a **CAPITAL** grant has been provided under this section, the  
26   State Racing Commission shall:

27                   (1)   in consultation with the Department of General Services, monitor  
28   the implementation of the approved capital construction plan; and

29                   (2)   make provisions for recapture of grant moneys if the capital  
30   construction plan is not implemented within the time frame approved by the State  
31   Racing Commission.

1           **(J) (1) TO OBTAIN OPERATING ASSISTANCE UNDER SUBSECTION**  
2 **(C)(2) OF THIS SECTION, A HOLDER OF A RACING LICENSE TO RACE AT PIMLICO**  
3 **RACE COURSE OR LAUREL PARK MAY APPLY TO THE SECRETARY OF LABOR,**  
4 **LICENSING, AND REGULATION FOR THE REIMBURSEMENT OF EXPENDITURES**  
5 **MADE BY THE RACING LICENSEE TO CONDUCT THE ANNUAL LIVE RACING**  
6 **SCHEDULE.**

7           **(2) SUBJECT TO PARAGRAPH (5) OF THIS SUBSECTION, THE**  
8 **RACING LICENSEE'S APPLICATION SHALL INCLUDE:**

9                   **(I) ~~INCLUDE~~ A 12-MONTH BUSINESS PLAN, SUBJECT TO**  
10 **REVIEW BY A CERTIFIED PUBLIC ACCOUNTANT, THAT SETS FORTH THE**  
11 **INCOME- AND EXPENSE-RELATED ITEMS THAT ARE NECESSARY TO CONDUCT A**  
12 **LIVE RACING SCHEDULE OF AT LEAST THE NUMBER OF LIVE RACING DAYS THAT**  
13 **WAS STATED IN THE APPLICATION; AND**

14                   **(II) ~~BE SUBJECT TO REVIEW BY A CERTIFIED PUBLIC~~**  
15 **ACCOUNTANT A 5-YEAR BUSINESS PLAN THAT DESCRIBES THE CHALLENGES**  
16 **IMPACTING THE ECONOMICS OF OPERATING THE RACING FACILITIES AND**  
17 **STRATEGIES FOR ADDRESSING THOSE CHALLENGES.**

18           **(3) (I) ON THE COMPLETION OF THE REVIEW OF THE**  
19 **APPLICATION BY A CERTIFIED PUBLIC ACCOUNTANT, THE SECRETARY MAY**  
20 **AUTHORIZE THE REIMBURSEMENT OF EXPENDITURES BY THE RACING**  
21 **LICENSEE THAT ARE NECESSARY TO CONDUCT THE ANNUAL LIVE RACING**  
22 **SCHEDULE.**

23                   **(II) EXPENDITURES ELIGIBLE FOR REIMBURSEMENT**  
24 **UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL INCLUDE THE**  
25 **ORDINARY AND REASONABLE COSTS OF CONDUCTING THE RACE MEETINGS,**  
26 **PARI-MUTUEL WAGERING, AND STABLING ACTIVITIES OF THE RACING**  
27 **LICENSEE, NET OF ORDINARY INCOME AND RECEIPTS.**

28                   **(III) THE REIMBURSEMENT CALCULATION UNDER**  
29 **SUBPARAGRAPH (II) OF THIS PARAGRAPH MAY NOT INCLUDE:**

30                           **1. EXTRAORDINARY INCOME AND**  
31 **EXPENSE-RELATED ITEMS, INCLUDING EXTRAORDINARY LITIGATION COSTS;**

32                           **2. LOBBYING FEES;**

33                           **3. CAPITAL INVESTMENTS, INCLUDING**  
34 **PREDEVELOPMENT COSTS; OR**

1                                   **4. PRIOR YEAR ADJUSTMENTS AND CLAIMS.**

2                   **(4) ALL COSTS ASSOCIATED WITH THE RACING LICENSEE'S**  
 3 **APPLICATION SHALL BE PAID BY THE RACING LICENSEE.**

4                   **(5) IN SUPPORT OF THE RACING LICENSEE'S APPLICATION AND**  
 5 **REQUEST FOR REIMBURSEMENT SUBMITTED UNDER PARAGRAPH (1) OF THIS**  
 6 **SUBSECTION, THE RACING LICENSEE SHALL PROVIDE TO THE SECRETARY:**

7                                   **(I) MONTHLY FINANCIAL INFORMATION REQUESTED BY**  
 8 **THE SECRETARY, IN A FORM SATISFACTORY TO THE SECRETARY; AND**

9                                   **(II) AN ANNUAL AUDITED FINANCIAL STATEMENT.**

10                   **(6) A RACING LICENSEE MAY NOT RECEIVE ASSISTANCE UNDER**  
 11 **THIS SECTION WHILE THE RACING LICENSEE IS A PARTY TO A PROCEEDING**  
 12 **CHALLENGING THE ISSUANCE OR DENIAL OF A VIDEO LOTTERY OPERATION**  
 13 **LICENSE.**

14                   **[(i)] (K) Any unencumbered funds remaining in the Racetrack Facility**  
 15 **Renewal Account on July 1, 2018, shall be paid to the Education Trust Fund**  
 16 **established under § 9-1A-30 of this subtitle.**

17                   **[(j)] (L) The State Racing Commission shall adopt regulations to**  
 18 **implement the provisions of this subsection, including regulations to address**  
 19 **minimum criteria for the types of improvements to be made by the holder of a license.**

20                   **[(k)] (M) The provisions of this section may not be construed to apply to the**  
 21 **racecourse in Allegany County.**

22                                   **Article – Business Regulation**

23                   **SUBTITLE 14. OVERSIGHT COMMISSION ON RACING; RACING FUNDING**  
 24 **REPORTS.**

25                   **11-1401.**

26                   **(A) THERE IS AN OVERSIGHT COMMISSION ON RACING.**

27                   **(B) THE OVERSIGHT COMMISSION CONSISTS OF THE FOLLOWING NINE**  
 28 **MEMBERS:**

29                                   **(1) THREE MEMBERS OF THE SENATE, APPOINTED BY THE**  
 30 **PRESIDENT OF THE SENATE;**

1           **(2) THREE MEMBERS OF THE HOUSE OF DELEGATES, APPOINTED**  
2 **BY THE SPEAKER OF THE HOUSE OF DELEGATES; AND**

3           **(3) THREE MEMBERS APPOINTED BY THE GOVERNOR.**

4           **(C) THE GOVERNOR SHALL APPOINT THE CHAIR OF THE OVERSIGHT**  
5 **COMMISSION.**

6           **(D) THE OVERSIGHT COMMISSION SHALL:**

7           **(1) REVIEW THE REPORTS SUBMITTED BY THE SECRETARY**  
8 **UNDER § 11-1402 OF THIS SUBTITLE;**

9           **(2) OVERSEE THE DEVELOPMENT OF A LONG-TERM,**  
10 **SUSTAINABLE PLAN FOR RACING IN MARYLAND THAT TAKES INTO ACCOUNT**  
11 **THE INTERESTS OF ALL STANDARDBRED AND THOROUGHBRED RACING**  
12 **STAKEHOLDERS;**

13           **(3) MONITOR THE PROGRESS OF THE IMPLEMENTATION OF A**  
14 **LONG-TERM, SUSTAINABLE PLAN FOR RACING BY ALL STANDARDBRED AND**  
15 **THOROUGHBRED RACING STAKEHOLDERS; AND**

16           **(4) GENERALLY OVERSEE THE PROCESS FOR PROVIDING**  
17 **OPERATING ASSISTANCE TO RACING LICENSEES UNDER §§ 9-1A-28 AND**  
18 **9-1A-29 OF THE STATE GOVERNMENT ARTICLE, AND THE IMPACT OF**  
19 **PROVIDING THE OPERATING ASSISTANCE.**

20           **(E) THE DEPARTMENT SHALL PROVIDE STAFFING FOR THE OVERSIGHT**  
21 **COMMISSION.**

22           **(F) THE OVERSIGHT COMMISSION SHALL REPORT ON ANY FINDINGS**  
23 **AND RECOMMENDATIONS TO THE GOVERNOR AND, IN ACCORDANCE WITH §**  
24 **2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY AS**  
25 **THE OVERSIGHT COMMISSION CONSIDERS APPROPRIATE.**

26 **11-1402.**

27           **ON OR BEFORE DECEMBER 15, 2011, AND ON OR BEFORE DECEMBER 15**  
28 **OF EACH YEAR THEREAFTER, THE SECRETARY SHALL SUBMIT TO THE**  
29 **GOVERNOR, THE OVERSIGHT COMMISSION ON RACING, AND, IN ACCORDANCE**  
30 **WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL**  
31 **ASSEMBLY, A REPORT FOR THE PREVIOUS 12 MONTHS THAT SUMMARIZES:**

1           **(1) THE AMOUNT OF OPERATING ASSISTANCE PROVIDED AND THE**  
2 **INCOME AND EXPENSES USED TO CALCULATE ANY OPERATING ASSISTANCE**  
3 **FROM THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION, THE PURSE**  
4 **DEDICATION ACCOUNT, OR THE RACETRACK FACILITY RENEWAL ACCOUNT IN**  
5 **THE PREVIOUS CALENDAR YEAR;**

6           **(2) ANY MARKETING AND QUALITY IMPROVEMENT PLANS**  
7 **SUBMITTED BY A RACING LICENSEE AS REQUIRED BY § 9-1A-09(B)(5) AND (6)**  
8 **OF THE STATE GOVERNMENT ARTICLE;**

9           **(3) THE 5-YEAR BUSINESS PLAN SUBMITTED BY A LICENSEE AS**  
10 **REQUIRED BY § 9-1A-29(J)(2)(I) OF THE STATE GOVERNMENT ARTICLE;**

11           **(4) PROGRESS OF THE STANDARD BRED AND THOROUGHBRED**  
12 **RACING STAKEHOLDERS IN DEVELOPING A LONG-TERM, SUSTAINABLE PLAN**  
13 **FOR RACING IN MARYLAND; AND**

14           **(5) THE STATUS OF ANY LOAN OR ADVANCE FROM THE**  
15 **MARYLAND ECONOMIC DEVELOPMENT CORPORATION TO ROSECROFT**  
16 **RACEWAY UNDER § 9-1A-28(G)(2) OF THE STATE GOVERNMENT ARTICLE.**

17           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
18 July 1, 2011.

Approved:

\_\_\_\_\_  
Governor.

\_\_\_\_\_  
Speaker of the House of Delegates.

\_\_\_\_\_  
President of the Senate.